Ahluwalia Contracts
(India) Limited
Engineering, Designing & Construction

On-line
Date: 18-11-2023
To,

Compliance Department BSE Limited. 25th Floor, P.J. Towers Dalal Street, Mumbai - 400001	Compliance Department National Stock Exchange of India Ltd. 5th Floor, Exchange Plaza, Bandra Kurla Complex, Bandra (East) Mumbai- 400051	Compliance Department Calcutta Stock Exchange Ltd 7, Lyons Range, Dalhousie, Murgighata, B B D Bagh, Kolkata, West Bengal – 700001

Sub: Transcript of Conference call under Regulation 46(2) of the SEBI (LODR) Regulations, 2015 held on 15-11-2023 at 4.00 p.m.

Dear Sir/Madam,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Please find enclosed Transcript of Analyst /Institutional Investor Meetings held on 15-11-2023 at 4.00 p.m.

The above details are also being made available on the Company's website at www.acilnet.com

This is for your information and record please.

For Ahluwalia Contracts (India) Ltd

VIPIN KUMAR TIWARI Digitally signed by VIPIN KUMAR TIWARI
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(Vipin Kumar Tiwari)
Company Secretary
Encl.: **As Above**

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(Corporate Identification Number: L45101DL1979PLC009654)

“Ahluwalia Contracts India Limited 2QFY2024 Earnings Conference Call”

November 15, 2023

MANAGEMENT: **MR. SHOBHIT UPPAL – DEPUTY MANAGING DIRECTOR**
MR. VIKAS AHLUWALIA – WHOLE TIME DIRECTOR
MR. SATBEER SINGH – CHIEF FINANCIAL OFFICER

MODERATOR: **MR. VIRAJ SANGHVI – AMBIT CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to the Ahluwalia Contracts India Limited 2QFY2024 Earnings Conference Call hosted by Ambit Capital. As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Viraj Sanghvi from Ambit Capital. Thank you and over to you Sir!

Viraj Sanghvi: Thank you Yusuf and good afternoon to everyone. Welcome to the Q2 and H1FY24 earnings conference call of Ahluwalia Contracts (India) Limited. From the management today we have with us Mr. Shobhit Uppal, Deputy Managing Director, Mr. Vikas Ahluwalia, Whole Time Director and Mr. Satbeer Singh, CFO of the company. I will now hand over the conference to the management team for their opening remarks after which we shall open the floor for Q&A. Thank you and over to you Sir.

Company Speaker: So we at Ahluwalia Contracts India Limited have announced our financial results for 2QFY2024. During 2QFY2024, the company has achieved a turnover of Rs.901.55 Crores and a PAT of Rs.55.30 Crores in comparison to a turnover of Rs.622.84 Crores and a PAT of Rs.39.16 Crores in 2QFY2023. The company has registered a growth of 44.75% and 41.21% in turnover in PAT respectively during 2QFY2024 in comparison to 2QFY2023. EPS of the company for 2QFY2024 is Rs.8.26 as compared to Rs.5.85 in 2QFY2023. During 2QFY2024 the company's EBITDA margin is 9.96% as compared to 9.93% and a PAT margin of 6.13% as compared to 6.29% in the corresponding period. During 1HFY2024 the company has achieved a turnover of Rs.1665.16 Crores and a PAT of Rs.105.03 Crores in comparison to a turnover of Rs.1232.09 Crores and a PAT of Rs.76.94 Crores in 1HFY2023. EPS of the company for 1HFY2024 is 15.68 as compared to 11.49 in 1HFY2023. During 1HFY2024, the company's EBITDA margin is 10.36% as compared to 9.94% and a PAT margin of 6.31% as compared to 6.25% in the corresponding period. Net order book of the company is Rs.1262.20 Crores to be executed in the next 24 to 30 months. Total order inflow during FY2024 till date stands at Rs.5259.50 Crores. At present we are L1 in one project amounting to Rs.2840 Crores. Over to you for questions now.

Moderator: Thank you very much. We will now begin the question and answer session. We have our first question from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Thank you Sir and congratulations on great set of numbers, particularly on execution front so just to revise the guidance so we last time have talked about 20% plus kind of a number revenue growth for this year and 20% for FY2025 so considering the 35% plus kind of a growth in the 1H so how much upward are we revising our revenue guidance for this year and based on that how much one can look at the FY2025 revenue growth?

Company Speaker: Thank you Shravan. Look our guidance remains the same. It will be 20% or upward of 20%. We have to factor in the NCR and the NGT ban almost 18% of our order book is from NCR and those projects as you know have been at a standstill now since before Diwali and we do not know for how many more days the ban will be there on construction so that is going to affect the run rate a little bit so our guidance to both topline and margins remain what I gave last time.

Shravan Shah: So just to dwell further so let us say for this quarter Q3 how one can look at in terms of the execution as the brand is already there so one and a half month is already there so how one can look at this quarter growth?

Company Speaker: Quarter-on-quarter there will be growth and we are hoping that post Diwali generally in a couple of weeks the situation should improve and we should hit the ground running as far as our projects in NCR are concerned so that is why I said that we maintain the 20% or upwards of 20% guideline as far as our topline is concerned.

Shravan Shah: Sir I am saying this quarter in terms of the EBITDA margin it has came down so we were looking at 11% for this year and next year 11.5% to 12% so from the Q3?

Company Speaker: I had mentioned this last time also in the last two quarters the margin as well as the run rate will improve further.

Shravan Shah: Okay and in terms of the order inflow so definitely including the L1 is now Rs.2800 odd Crores so how much more are we looking at or what is the bid pipeline?

Company Speaker: The bid pipeline stands at about Rs.2500 Crores. I think we are in a position, other than the L1 order, we should get orders close to about Rs.1,000 Crores. We are not bidding aggressively.

Shravan Shah: Yes that I know that we are in a comfortable position and two aspects in terms of these two big projects one Gem & Jewellery and the second is CST and Mumbai Railway Station redevelopment so first the Gem & Jewellery when the LOA will be there and how much execution one can expect in this year and the next year and the same for CST this year and next Sir how one can look at the execution look?

Company Speaker: So CST since that project is in hand in the Q3 we should start our billing cycle and we are expecting a billing of anywhere between Rs.150 Crores to Rs.200 Crores as far as

CSTM is concerned. As far as Gem & Jewellery thing is concerned we may do a little bit of billing in the last quarter. As we mentioned last time they are looking to the bid though we are clearly the lowest. We are looking to reduce the budget the figure that we quoted is above their budget so they are looking at redesigning a portion of the project so I think it will be at least another month and a half to two months before it is awarded.

Shravan Shah: Okay got it and Sir couple of data points on the balance sheet front? Mobilization advance, retention money, and unbilled revenue?

Company Speaker: Satbeer will take you through all those points.

Satbeer Singh: This is retention money Rs.263 Crores and debtors are Rs.686 Crores, mobilization Rs.435 Crores and trade Rs.691 Crores, unbilled revenue Rs.430 Crores, and tax position in April is Rs.197 Crores and bank position is Rs.325 Crores and besides that gross debt is Rs.32 Crores.

Shravan Shah: Yes sir that number we have because we have the balance sheet? Just to clarify this increase in other current seems to be primarily because of the increase in the unbilled revenue and slightly increase in the retention money and also debtor days have also slightly increased though it is still at a comfortable level, but how one can look at by end of March can we see some more reduction in the working capital?

Satbeer Singh: Yes because we are expecting retention money realization also because that is Rs.263 Crores and this will be come down and also this unbilled revenue Rs.430 Crores also will be certified because various projects are on the cusp of completion so that is why we are expecting that we will do it also.

Shravan Shah: Okay thank you and all the best Sir.

Moderator: Thank you. The next question is from the line of Laxmi Narayan from Tunga Investments. Please go ahead.

Laxmi Narayan: Thank you. Sir my question is that whenever you take a project be it L1 or non L1 being a private sector what is your minimum threshold in terms of various things like margins or financial closure, etc., and how do you think about it? What are the two or three qualitative or quantitative parameters you have and has it changed in the last two to three years?

Company Speaker: Okay first of all as as far as the change is concerned if you maybe you were there on the last couple of calls. We primarily where our order book comprised of public sector contracts but over the last one year have signaled the shift in our thinking. Now that the private sector is reviving we want to maintain a healthy mix that is how you see over the past couple of quarters we have got orders from large private sector clients like DLF, Max, Benet so on and so on and forth right so that has been one change. Going forward we want to maintain a healthy balance between the two. Today the division in the order book is private sector is almost 30% and 70% is the government or the public sector. When we are bidding for the project there is a template through which we rate internally the client and also the project in terms of its geographical location, client in terms of their financial stability and the past track record with large construction companies so on and so forth. We are extremely wary of areas in which we are not going to areas where we are not geographically present and areas which have a stable government that is something that we look at. As far as private sector clients are concerned having burnt our fingers during the last few sessions. Residential and private sector project is something that we only do with a few developers with proven track records. Have I answered your question?

Laxmi Narayan: Yes in terms of margins threshold what is the thing you actually look for margins or return?

Company Speaker: So it depends. The margin also it can vary when we bid a job within a narrow bandwidth depending on the credibility of the client and the longevity of our relationship with the client. If we have been associated with the client for many years and we feel that the payments and the cash reserves of the client is good we may agree to work on a slightly lower margin also so generally we try and factor in double digit margins.

Laxmi Narayan: Got it and I think what I understand is the horizontal development versus vertical development? Horizontal development projects either have high interdependency with other agencies as well as the construction cost or the margins are lower than vertical high rises right so how do you think about it? Do you actually have a view that you would actually prefer vertical versus horizontal?

Company Speaker: Not really. Over the years we have built in an in house capabilities to do disciplines other than core and shell also like electromechanical works, pluming, firefighting works. finishing works and that has helped us as far as execution of EPC winning and executing EPC jobs is concerned. Having said that in residential project where we see a lot of high rises now being tendered out by developers in different parts of the country. At the moment our focus is only core and shell because once we start doing the finishing or other services work, we are dependent or we are the last one out of the site. We have made to hand over to the end user. That is something which we feel drains ultimately hits our profit margins so it it actually varies from project to project or client to client.

Laxmi Narayan: Got it and in terms of your growth you have almost doubled your order book in the last four to five years right? As an organization how do you think about scalability of the management and how you think where are the areas where you are actually concentrating to ensure that you can deliver projects consistently at high quality and high return ratios keeping the growth also intact?

Company Speaker: So Mr. Narayan I did mention this in the last call also the company has embarked on a digital transformation exercise which is is being spearheaded by our director Mr. Vikas Ahluwalia and that is something which we feel now that the scale at which we have begun to operate that is something which is now mandatory. It is a must and not only are we totally transforming digitally but we are also building in-house capabilities as far as sprucing up or creating a very strong design cell, utilizing technologies like Autodesk and BIM to ensure that the inefficiencies that are an inherent part of a construction project are minimized. As far as scaling up our team is concerned, I did mention in the last two calls that is how our our employee costs are going up a bit because we are continuously even through the downturn we were recruiting people, training people, and up skilling is an integral part of our of our day-to-day working now and we are recruiting close to 50 to 60 fresh engineers on a yearly basis from various campuses.

Laxmi Narayan: Got it. Sir one last question from my side, last time you called out that election time creates some kind of cardinals in the tender scheduling right and therefore how do you think about that from an order book point of view? Do you actually seeing it happening in terms of slowdown in orders?

Company Speaker: Yes I did mention it last time also that since we are well stocked up and over the next couple of quarters, there would not be the same rapid growth in our order book and that can be seen. The last couple of months I do not think we have won any significant order. As it is we are not bidding very aggressively. We are biting our time.

Laxmi Narayan: Got it. Thank you. I will come back in the queue.

Moderator: Thank you. The next is question from the line of Parvez Qazi from Nuvama Group. Please go ahead.

Parvez Qazi: Good evening. Thanks for taking my question and congratulations for a good set of numbers so couple of questions from my side? Did I hear it correctly you said that in Q3 the revenue should be better than what we did in Q2?

Company Speaker: I did not say that. I said it would be better than the corresponding quarter of last year.

Parvez Qazi: Last year okay I just wanted to reconfirm. Thank you. Second, while answering the previous participant you mentioned that our share of private sector order book has gone to about 30% odd so are we okay with this figure or do we want to take it up to 50:50? What is our thought process here?

Company Speaker: I mentioned last time I think 60:40 so we will hover in the short term that is what we are striving for.

Parvez Qazi: Sure and how are the payments from the state government now? Have things become better? Are they same? How are things?

Company Speaker: As far as Bengal is concerned our exposure to state government projects is almost negligible now and we have been able to get out most of our payments. Bihar there is an issue on the state funded medical hospitals project. There is a substantial amount of money which is stuck there. Himachal the money is coming through. Haryana Government we have been able to do in the last quarter we have been able to get a significant chunk of amount out so I think the only problem that I see is with Bihar.

Parvez Qazi: Got it and in terms of competitive intensity how are things? You did say that we are not bidding aggressively but overall how is the competition now?

Company Speaker: High.

Parvez Qazi: And do you expect it to remain the same after elections or you think there will be?

Company Speaker: I think over the next couple of years I expect it to remain high.

Parvez Qazi: Sure and last question what is the kind of capex that we will do in FY2024?

Company Speaker: So I think I mentioned about Rs.120 Crores in the last call. We have done a capex in H1 of about Rs.54 Crores so it should be there or thereabout.

Parvez Qazi: Sure thanks and all the best.

Moderator: Thank you. The next is question from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar: Good evening Sir and congratulations on another good quarter. My first question is Sir on the private orders you did mention we are looking to maintain 40:60 ratio but my question is that are you getting private orders across the country or is it limited to NCR region?

Company Speaker: We are working in 16 states at the moment and wherever we are, we are looking to take private sector order provided the client passes through our template of our due diligence for the factors in which we evaluate the client.

Mohit Kumar: Understood Sir. My second question is on the station development? Do we have appetite to bid for more station development and are there large amount of tenders available for bid as we speak?

Company Speaker: Tenders are there but at the moment no, this is a new client for us. We are doing two large stations. We want to achieve significant progress and then look at other stations. I do not think we will be looking to be more precise in rest of this financial year I do not think we will be looking at any more station orders.

Mohit Kumar: But how do you see the revenue booking in this particular station orders can you just give us some indicative idea?

Company Speaker: I did. I answered this. I think the first question that was put to me in CSTM we should be logging about a billing of about Rs.150 Crores to Rs.200 Crores in this financial year that means in the next two quarters because at the moment there is no billing there which has happened. As far as Chandigarh is concerned we should be doing a billing of about Rs.100 Crores.

Mohit Kumar: You said it is slow moving orders in this entire Rs.12000 Crores orders?

Company Speaker: In Rs.12,000 Crores orders I do not think there are any slow moving orders.

Mohit Kumar: Okay understood Sir. My last question is Sir I think somebody asked you about the impact of election? Are you seeing the impact of election on the finalization of tenders or some impact on the scaling of the revenues?

Company Speaker: I think as we come closer to the December or January when the elections are likely to be announced the number of tenders which will start will reduce and we are already seeing some sort of an impact.

Mohit Kumar: Sir and anything on execution, execution of ramp up?

Company Speaker: Execution sorry execution ramp up.

Mohit Kumar: Yes Sir in the sense let say the payments are slow so you slow down the execution because the governments are busy in the election? There is less money available?

Company Speaker: Generally that happens maybe. I do not think this financial year there will be an impact. That generally happens a month or two before the election date. Elections will in all probability it will be in May somewhere so I do not think this financial year will be impacted as far as the operations are concerned.

Mohit Kumar: My last question do you see more private orders closing in next four months? I think the private real estate is buoyant right now as we speak right?

Company Speaker: Yes. Out of the likely inflow of orders of about Rs.1,000 Crores about 50% should be from the private sector.

Mohit Kumar: Understood Sir. Thank you and best of luck.

Moderator: Thank you. The next is question from the line of Ashish Shah from JM Financial. Please go ahead.

Ashish Shah: Good evening and thank you for the opportunity. Sir just one question given the profile of some big ticket orders like the CST or the Gem & Jewelry Park you think our capex intensity or working capital intensity would change materially from what it was in the past so because we in the past had very lean kind of a capital structure? Now is there intensity of capital mode in these projects.

Company Speaker: As I said that capex to some extent as per as CSTM is concerned and for the Chandigarh Railway Station is concerned has already been done and we have done our capex of Rs.54 Crores in the first half of this financial year and we predicted about Rs.120 Crores so we are more or less what we had said. We will remain within Rs.120 Crores for CSTM. Then a few of our large orders are being completed also. Jammu we should be completing by December or January. Before CSTM was the largest order so couple of other such large jobs are also nearing completion.

Ashish Shah: Sir in terms of working capital let us say in terms of the milestone payments you think that the milestones are longer or a little more different from what we have been operating in terms of our other orders and hence you may see some bit of a temporary buildup of working capital or these are largely in line with the other orders that we have?

Company Speaker: You are right. There may be a temporary build up because in item rate contracts generally whatever you execute you bill and you get paid a month on month basis. EPC you are generally paid as per milestones and payment schedule may not necessarily reflect the actual work on the ground in the first half of the project so yes I say you are right. EPC and is a new concept. All of us even the clients are still sort of feeling their way around though our experience not only ours but other construction companies given feedback to the clients and going forward even the contract, the payment terms are becoming more equitable.

Ashish Shah: Got it Sir. Thank you for your responses. Thank you.

Moderator: Thank you. The next is question from the line of Nikhil Kanodia from HDFC Securities. Please go ahead.

Nikhil Kanodia: Yes Sir firstly congratulations on great set of numbers. Sir I have two questions on your Rs.12,000 Crores outstanding order book so number one is what percentage of it is on a fixed price basis?

Company Speaker: 24%.

Nikhil Kanodia: 24% right?

Company Speaker: Yes.

Nikhil Kanodia: Sir what would be the projects wherein like you would have started to recognize the revenue but margin recognition threshold might have not been met yet?

Company Speaker: Can you repeat that question please.

Nikhil Kanodia: Sir the projects wherein the margin recognition threshold might not have been met yet?

Company Speaker: So if I understand your question correctly you are saying that the targeted margin is not met which are those projects is that what you are aiming to ask.

Nikhil Kanodia: Like we would have some threshold wherein we would start to recognize the margins as well like for example if we have a benchmark huddle rate post that will the threshold that we have to recognize we would have started doing that so something on that front?

Company Speaker: If this is question is related to our billing or you are talking about margins per se. I am sorry I am not getting your question so maybe what I am going to say may partly answer your question. In projects we do a monthly billing. The item rate contracts as I mentioned earlier whatever is physically built or executed that gets billed based on the bill of quantities. In EPC contracts the billing is given monthly but there are milestones, monthly milestones based on which we bill. As far as margins are concerned the targeted margins there are maybe on an overall this thing a project we may have, when we tendered out and won the job if there is say a margin of 10%. In the first half of the life cycle of the project the margins are lower. In the second half the margins are higher. Am I clear? Have I answered your questions?

Nikhil Kanodia: Sir regarding the second part so like the projects wherein the projects that are not matching your margin threshold?

Company Speaker: The overall margin that we had plugged in a contract. Okay what happen is like we talked about CSTM. We talked about the Chandigarh Railway Station right. Maybe we will talk about the Bharati Project, the Aerocity Project since some of these projects are in their infancy. In the initial phases of the project they tend to take in more money right. It is only as we move along and as we come to the second half of the life cycle of a project the run rate is going up. That is when the margins also go up so some of these jobs yes CSTM, Chandigarh Railway Station, and Aerocity some of these jobs the margins are lower at the moment.

Nikhil Kanodia: Okay understood Sir and Sir one last question that I have is if I have heard you correct the monthly runway for CSTM project is around Rs.150 Crores to Rs.200 Crores that you have mentioned?

Company Speaker: Monthly run rate in the last quarter would be between Rs.75 Crores to Rs.100 Crores and which in FY2025 will cross Rs.100 Crores.

Nikhil Kanodia: Okay and Sir similarly if you could give the amounts for your Gem & Jewelry Park and for Tata Memorial project as well?

Company Speaker: Gem & Jewelry Park at the moment since the job is yet not awarded to us and as I mentioned it may take another couple of months for it to be awarded and the final budget will only be then known to us. It may not be prudent for us to give any run rate on that job. As far as Tata Memorial is concerned in the last quarter we should easily be billing in excess of Rs.20 Crores every month.

Nikhil Kanodia: Okay. Thank you for responses Sir. Those are my questions and all the best.

Moderator: Thank you. The next is question from the line of Deepika Bhandari from Phillip Capital. Please go ahead.

Deepika Bhandari: Thank you for taking my question and congratulations on great set of numbers. My first question is Sir you said on Bihar we have substantial amount stuck there so can you just tell me the Bihar receivable?

Company Speaker: Bihar receivables are to the tune of about Rs.175 Crores.

Deepika Bhandari: Rs.175 Crores and did we received some payment for Q2 say in October and November?

Company Speaker: In October and November yes we have received some payment in October.

Deepika Bhandari: Okay sir and my next question is Sir as on last quarter in Q1 around our five projects were I understand there are no more slow moving projects in the order book but in Q1 we were five projects that were not contributing in revenue so during Q2 and at the end of Q2 were there any projects that were not contributing in our revenue?

Company Speaker: I did mention CSTM and Chandigarh Railway Station. I think out of our major projects these are the two which are not contributing.

Deepika Bhandari: Okay so Tata Memorial Hospital, Dharavi and NIIT Patna?

Company Speaker: Yes NIIT Patna now we are logging nearly Rs.20 Crores every month. Dharavi is also we are doing a billing of Rs.7 Crores to Rs.8 Crores every month.

Deepika Bhandari: Okay sir and Sir just last question would you want to give us update on few of our major projects?

Company Speaker: I did mention earlier Jammu is nearing completion. Most of the job will be completed December end or January. We should be in a position to start handing over. CSTM I have already mentioned in the last quarter we will start billing in. Chandigarh we have already started billing. The veterinary hospital and University in Bihar which is an Rs.890 Crores project we are already billing close to Rs.15 Crores every month.

Aerocity Bharti Project we are billing close to Rs.15 Crores which post the NGT ban being uplifted we hope to cross Rs.20 Crores every month. The retail development there only at the Aerocity we have started billing there and we should be billing in excess of Rs.15 Crores again post the ban being uplifted. NIIT I have already told you we are billing more than Rs.20 Crores every month so these are some of the major jobs.

Deepika Bhandari: Okay Sir. That is it. I got it. Thank you so much Sir and all the best for the future.

Moderator: Thank you. The next is question from the line of Vaibhav Shah from JM Financial. Please go ahead.

Vaibhav Shah: Thanks for the opportunity. Sir how has been the execution in the Nepal Police Academy project in the first half?

Company Speaker: Yes so Nepal is running slightly behind schedule because that being an EPC project and that being a project where both the Indian government from CPWD is involved and the client are local there. Coordination has been a bit of an issue but that project is now is moving and we are about delayed by about two months there but I think we are on track to make up lost time.

Vaibhav Shah: So how do you see the execution in the second half in the project?

Company Speaker: Yes I think as I said execution is the way, the way the revenue the way our contract is structured a lot of our inflows or our share of the inflows or profits are linked to the advances so part of that advances come and our margins have also come so we have actually insulated ourselves from delays in that project to a large extent as far as our margins are concerned.

Vaibhav Shah: Okay Sir secondly you mentioned that we have around receivable of Rs.175 Crores from Bihar so it pertains to the Bihar Animal University Project largely?

Company Speaker: No that Bihar Animal Husbandry Project was a slow moving project last quarter because there are a lot of old heritage building. It is a 400 acre campus. The campus already exists. Now this is being modernized. The old buildings are being raised to the ground and new buildings are coming up so there was a delay in handing over the old buildings being handed over to us for demolition so that most of it is behind us. 60% of the area has been handed over to us and whatever we build the receivables are coming from that particular department. Most of these receivables that I said are from the Bihar Medical the two hospitals that we are doing. One in Chapra and one in Nalanda.

Vaibhav Shah: Okay and Sir how would be the execution in the second half for the City Project? Can it cross around Rs.60 Crores to Rs.70 Crores per quarter?

Company Speaker: Yes it will.

Vaibhav Shah: Okay. Thank you Sir. Those are my questions.

Moderator: Thank you. The next is question from the line of Dishmith Naik from RW Advisor. Please go ahead.

Dishmith Naik: If I understood it correctly order execution will be slightly weak post-election is that correct?

Company Speaker: Yes rightly before elections also. It may be affected a bit and post-election also for some time yes.

Dishmith Naik: And this trend we have seen in past two elections as well?

Company Speaker: Correct.

Dishmith Naik: Okay and if you can just talk about the margin expansion levels Q-o-Q around 10% to 11%? Is it only coming from other expanse operating leverage?

Company Speaker: Sorry come again. You are talking about and you are asking about the increase in margin that I am projecting is that what asking about.

Dishmith Naik: Yes?

Company Speaker: Yes traditionally the second half of the year especially the last quarter the March ending quarter is always the one which has the maxim run rate as both for the topline as well as the margins and I feel that it will be the case this year also which will drive our margin upwards and most of these jobs where a lot of expense has already been done once the designing is complete be it for CSTM and it is substantially complete for the Chandigarh Railway Station, for NIIT. Now the run rate will increase driving the margin upwards.

Dishmith Naik: Understood. Thank you.

Moderator: Thank you. We have our next follow up question from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Hi, Sir. Just wanted to clarify, the third quarter, this running quarter when we say it will be better on Y-o-Y. So the ban last year if you look at in terms of the number of days where NCR pollution ban versus this also how many days last time that the ban was there. Because what I can see is given the last time also we have done a Q-o-Q growth in the third quarter and but you mentioned that we can see our marginal growth on Y-o-Y and not Q-o-Q. So that is the one I need a clarification.

Company Speaker: Yes, because Q2 this time we received a decent run rate. So what I am trying to say that is why I said year-on-year there will be a growth in the quarter. It may be difficult to grow Q-on-Q for maintain the same run rate especially keeping this 30-40 day break in mind. Another thing which is there in this quarter is even if over the next 5-7 days the ban is lifted, there is Chatt Pooja. Now the labor almost all the labor has been disbanded. It has gone back to Bihar, to Jharkhand. As you know 80%-90% of skilled workforce comes from these two states. They have all gone back to shut Pooja. So they will only be coming back maybe end of this month or maybe first week of December. So that is a major hit that we are going to take.

Shravan Shah: And in terms of fund based, non-fund based limit, so last time we were looking at to increase to 2100, 2200 Crores from 1900 Crores. So have we done it and whatever the current?

Satbeer Singh: Yes, we have been sanctioned additionally 100 Crores more and that is now 2040. Documentation for 100 crores is to be done.

Shravan Shah: Sorry Sir, 2040 Crore is the limit now.

Satbeer Singh: Yes, right now.

Shravan Shah: And how much is utilized?

Satbeer Singh: This is around out of this you can say 325 Crores is unutilized.

Shravan Shah: 325 Crores non-utilized, okay got it, and that West Bengal land the stand is the same. So we want to monetize, but it will be post FY2025.

Satbeer Singh: Yes.

Shravan Shah: Got it sir, and thank you and all the best.

Moderator: Thank you. As there are no further questions from the participants, I would now like to hand the conference over to the management for the closing comments.

Shobhit Uppal: Thank you everybody. Look forward to seeing you at the end of next quarter. Have a good day. Thank you.

Moderator: Thank you very much. On behalf of Ambit Capital, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.

VIPIN KUMAR TIWARI

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